



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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California 95814

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Chairwoman, BOE
First District
Member, FTB

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FOR IMMEDIATE RELEASE

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DO YOU OWE CALIFORNIA USE TAX ON OUT-OF-STATE PURCHASES?

The answer is “yes” if you purchased items out of state or from an out-of-state vendor and you did not pay California sales or use tax at the time of purchase. As 2003 draws to a close, the Franchise Tax Board is gearing up to notify some 15 million Californians that tax season is upon us. The Board of Equalization announced today that individuals will see a new *Use Tax* line on their California Income Tax Returns this year. California is now one of 19 states that include a use tax line on their state income tax returns.

The California use tax law is intended to eliminate the competitive advantage of out-of-state retailers not required to pay sales tax. While the use tax law was enacted in July of 1935, this will be the first time a line to report use tax appears on the state’s income tax returns.

In an effort to raise public awareness of use tax, a Use Tax Return was included in the state’s 2002 Personal Income Tax Booklets. This year, legislation was passed authorizing use tax reporting on personal income tax returns. This line item is in all software programs used for reporting California income taxes.

Although some out-of-state businesses collect California use tax and pay it to the state for the convenience of their customers, many out-of-state businesses do not. As a result, consumers owe California use tax on those items purchased for consumption, use, or storage in California. Generally, use tax applies to the purchase of that item from a business located outside California.

Chairwoman Migden stresses, “It is important to collect any and all revenue owed the State of California during these difficult budget times. The proper enforcement of this tax law accomplishes this goal.”

If you have any questions regarding California’s use tax, please check out our Frequently Asked Questions at www.boe.ca.gov or contact the state Board of Equalization’s Information Center at 1-800-400-7115, Monday through Friday, 8:00 a.m. to 5:00 p.m. Pacific Standard Time.

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